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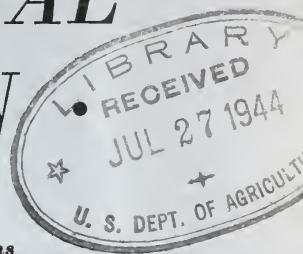
FEBRUARY 1940

A Brief Summary of Economic Conditions

Issued Monthly by the Bureau of Agricultural Economics, United States Department of Agriculture

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CONDITIONS affecting the domestic demand for farm products are less favorable than at the beginning of this year. * * * Prices of wheat and cotton have declined from the recent highs, but the January average for all farm products was higher than a year earlier. It is expected that cash farm income in the early months of 1940 will exceed income in the same months of 1939, but the purchasing power of farm products will continue below the pre-World War average. Revisions of estimates put cash income from marketings, Government loans, and Government conservation payments at 8.5 billion dollars total for 1939, compared with 8.1 billion in 1938. * * * Prices of dairy products continue at relatively high levels. Producers of other livestock products and of livestock are confronted with diminishing commodity-feed price ratios. This is expected to increase the marketings of livestock in coming months and to halt the recent expansion in livestock production. * * * The 1940 pig crop probably will be smaller than the 1939 pig crop.

Commodity Reviews

DEMAND: Upturn Halted

Industrial conditions affecting the domestic demand for farm products turned downward in January, after an uninterrupted rise of 7 months and a general upward trend since June 1938. The rapid increase of industrial production, employment and consumer income, which was accelerated by the outbreak of war, could not have continued indefinitely, and we have reached the period in which some adjustments will be necessary before the improvement can be resumed.

Many of the large orders which were received by industrial firms following the outbreak of war in Europe have been filled, and new orders have not come in sufficient volume to maintain the high rate of production which prevailed during the last part of 1939, and which carried industrial activity to a level higher than that attained in 1929. Many firms have considerable quantities of steel and other semi-finished and raw materials on hand, and will want to work these up into finished products before placing new orders. Since, on the average, industrial production increases during the first part of the year, this means that activity will be declining against the usual seasonal trend, and seasonally adjusted measures of output probably will move downward for some time into 1940.

Consumer income, however, is still feeling the effects of the increased business activity in the latter part of 1939, and these effects may carry over sufficiently to prevent any important decline in consumer purchasing power. Moreover, changes in the buying power of consumers sometimes are rather slow in being translated into changes in the consumer demand for farm products. Thus, the demand for farm products such as eggs and dairy products did not respond quickly to the improvement in consumer purchasing power in the last half of 1939,

and the effects of the latter will tend to support the demand for and prices of these products during the first half of 1940. Nevertheless, some weakness may occur before the downward swing is over.

Later in the year, a resumption of the general improvement of economic conditions in the United States is indicated, as industrial firms come back into the markets for raw materials and semifinished products, and merchants resume buying following the depletion of inventories. Hence, despite the unfavorable aspects of the present situation, domestic demand conditions during the year as a whole should prove to be more favorable than in 1939.—F. L. THOMSEN.

EXPORTS: Decline

The European War has had relatively little effect upon export demand for farm products as a whole, but it is becoming more apparent as time goes on that the net result during the first year, at least, will be somewhat unfavorable. Exports of farm products except cotton have had a declining trend as the war has continued. The belligerent nations are making every effort to obtain their food requirements from countries other than the United States, reserving their dollar exchange for the purchase of industrial products which cannot be obtained except in this country. Later, they may have to turn to us for a larger proportion of their supplies, but there appears to be no immediate prospect of such a development. The war, however, has contributed to the rise in wheat prices, partly by raising the "ceiling" represented by Canadian wheat prices, and also has helped to bring higher cotton prices as a result of the scramble of various countries to build up their stocks of cotton before ocean transportation conditions made it more difficult to obtain shipments from this country.—F. L. T.

PRICES: Higher

The national average of prices received by farmers was 3 points higher on January 15 than in mid-December—99 percent of the 1910-14 pre-World War level. This compares with 94 percent in January a year ago. Prices of wheat and cotton advanced sharply in late December. Most farm prod-

Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid	Buying power per unit of farm products ¹
1939			
January.....	94	120	78
February.....	92	120	77
March.....	91	120	76
April.....	89	120	74
May.....	90	120	75
June.....	89	120	74
July.....	89	120	74
August.....	88	119	74
September.....	98	122	80
October.....	97	122	80
November.....	97	122	80
December.....	96	122	79
1940			
January.....	99	122	81

¹ Ratio of prices received to prices paid.

ucts except hogs, chickens, and eggs were selling higher in mid-January this year compared with last.

Prices paid by farmers averaged the same on January 15 as in mid-December—122 percent of the 1910-14 pre-World War level. This compares with 120 percent in January a year ago. The ratio of prices received to prices paid was 81 percent in January, compared with 79 percent in December, and with 78 percent in January a year ago. This means that the purchasing power of farm products in January was 19 percent below the 1910-14 average of 100.

INCOME: 8.5 Billion Dollars

A revised estimate of cash farm income from marketings, commodities placed under Government loan, and Government conservation payments puts the total for 1939 at 8.5 billion dollars (previous estimate was 8.3 billion dollars), compared with 8.1 billion in 1938, with 9.1 billion in 1937, and 8.5 billion in 1936.

Income from marketings and Government loans was about 112 million dollars larger in 1939 than in 1938. Total for crops was 3,238 million dol-

Prices of Farm Products

Estimates of average prices received by farmers at local markets based on reports to the Agricultural Marketing Service. Average of reports covering the United States weighted according to relative importance of district and States.

Product	5-year average, August 1909-July 1914	January 1910-14	January 1939	December 1939	January 1940	Parity price, January 1940
Cotton, lb.....	cents. 12.4	12.2	8.3	9.7	10.1	15.87
Corn, bu.....	do. 64.2	58.9	45.1	50.3	53.2	82.2
Wheat, bu.....	do. 88.4	88.4	57.1	82.4	84.5	113.2
Hay, ton.....	dollars. 11.87	11.87	6.79	7.71	7.90	15.19
Potatoes, bu.....	cents. 69.7	64.2	64.6	70.8	74.0	86.5
Oats, bu.....	do. 39.9	39.0	26.3	34.7	36.3	51.1
Soybeans, bu.....	dollars. (1)	(1)	.72	.97	1.01	-----
Peanuts, lb.....	cents. 4.8	4.6	3.4	3.4	3.6	6.1
Beef, cattle, cwt.....	dollars. 5.21	5.04	6.68	6.85	6.94	6.67
Hogs, cwt.....	do. 7.22	7.03	6.96	5.03	5.18	9.24
Chickens, lb.....	cents. 11.4	10.8	14.0	11.7	12.0	14.6
Eggs, doz.....	do. 21.5	28.0	18.8	20.5	18.3	29.9
Butterfat, lb.....	do. 26.3	29.2	25.2	28.5	30.0	35.6
Wool, lb.....	do. 18.3	18.5	20.0	27.5	28.1	23.4
Veal calves, cwt.....	dollars. 6.75	6.78	8.30	8.41	8.95	8.64
Lambs, cwt.....	do. 5.87	5.79	7.33	7.38	7.57	7.51
Horses, each.....	do. 136.60	133.70	82.00	77.10	78.30	-----

¹ Prices not available.

² Revised.

³ Adjusted for seasonality.

lars compared with 3,126 million in 1938; total from livestock and livestock products was 4,473 million dollars, about the same as in 1938.

Principal crops showing increases compared with 1938 included wheat, corn, truck crops as a group, and potatoes. Smaller income was realized from cotton and tobacco. Income from meat animals was larger in 1939 than in 1938, but returns from poultry and eggs, and dairy products were smaller.

Year	Income from marketings and loans	Income from Government payments	Total
1939.....	\$7, 710, 981, 000	\$807, 065, 000	\$8, 518, 046, 000
1938.....	7, 599, 442, 000	482, 221, 000	8, 081, 663, 000
1937.....	8, 744, 125, 000	368, 899, 000	9, 111, 024, 000
1936.....	8, 212, 041, 000	287, 252, 000	8, 499, 293, 000

WHEAT: Prices Down

Wheat prices declined in January on reports of general snows in the winter wheat areas and prospects that business conditions over the near term will react from the sharp rise in the last few months of 1939. Prices in coming months will depend largely upon overseas sales of Canadian wheat, political developments in Europe, general business conditions, and the disposition that farmers make of wheat now under loan.

(The Commodity Credit Corporation announced in January that none of the extended loans secured by resealed 1938 wheat stored on farms would be extended beyond their maturity date of March 31, 1940. About 3.5 million bushels of such wheat is stored in 12 States. The Corporation announced also that all 1939 wheat loans mature April 30, 1940, and that it is not contemplated any of the loans will be extended beyond that date except in 10 States where about 23 million bushels of wheat under these loans is stored.)

Wheat prices in the United States continue high, relative to prices in other countries, since the domestic crop in 1939 was only moderately above annual domestic requirements,

large quantities of wheat have been withheld from the market, and the 1940 crop probably will be smaller than domestic disappearance. Prices of Hard Winter wheat c. i. f. Gulf ports were 28 to 30 cents above export parity in late January, whereas prices of domestic spring wheat at Buffalo were only about 8 cents lower than approximately the same quality of Canadian wheat, c. i. f., duty paid, at Buffalo.

COTTON: Prices Lower

Cotton prices declined from the comparatively high levels reached toward the end of 1939, and on January 31 averaged 10.44 cents for Middling $1\frac{1}{16}$ inch in spot markets. This was nearly 1 cent below the $2\frac{1}{2}$ -year high reached in mid-December. In the last week of January 1939 the average was just under 9 cents. The decline in January this year was part of a general softening of commodity prices.

Domestic mill consumption declined slightly in January but was at an unusually high level compared with other recent years. Mill consumption in December had totaled 653,000 bales, compared with 566,000 bales in December 1938, and with 464,000 bales average for December in the 10 years 1928-37. The 3,312,000 bales consumed from last August through December established a new high record for that period. A decline in domestic business activity may restrict mill consumption during the next few months.

Cotton mill consumption in a number of European countries has continued at unusually high levels, largely on the strength of government orders. United States exports of cotton totaled nearly 3,800,000 bales during the period August 1 to January 25, compared with 2,165,000 bales in the like period a year earlier, and with 3,790,000 bales 2 years ago. Sales and deliveries of raw cotton under the export program totaled nearly 5,900,000 bales—through January 30, when the export payment of 0.20 cents per pound on raw cotton was discontinued.

FEED: Prices Up

Prices of feed grains and high protein feeds are higher this winter than last. Strengthening factors have been the smaller supply per animal on farms this season than last, the comparatively high level of wheat prices, and the active sealing of 1939 corn.

Farm and commercial stocks of corn totaled 1,977 million bushels on January 1, stocks held by the Government in steel bins and country elevators totaled about 75 million bushels, and stocks sealed by farmers in country elevators were about 14 million bushels—making the total about 2,066 million bushels. This compares with total estimated stocks of 1,872 million bushels on January 1, 1939. Total disappearance of corn during October-December 1939 was about 1,116 million bushels, compared with 1,053 million bushels during the like period in 1938.

United States exports of corn have declined since the October peak, and totaled in November a little more than 1 million bushels as contrasted with about 6 million bushels in November 1938.

HOGS: Low Prices

The average farm price of hogs on January 15 was \$5.16 per 100 pounds, and the average farm price of corn was 53 cents per bushel. This price relationship is unfavorable for hog production, and suggests—in conjunction with the December pig crop report—that production of pigs will be smaller in 1940 than in 1939.

The 1939 pig crop—estimated at 84.3 million pigs—was the largest in 16 years of record. It consisted of a spring crop of 52.3 million pigs, and a fall crop of 32 million. (The fall crop was a little larger than had been indicated earlier in the season.) Of the total 1939 crop, approximately 57.8 million pigs were produced in the Corn Belt, as compared with 48.0 million in 1938. The major part of the increase was in the Western Corn Belt.

Reports from farmers in December, and supplemental information, indicated for the entire country about the same number of sows to farrow this spring as last—about 8.6 million. (The Eastern Corn Belt was the only section of the country showing a prospective increase.) Continuation of an unfavorable hog-corn price ratio would cause farmers to keep fewer sows for spring farrow than was indicated in December.

Inspected hog slaughter in December—5.2 million head—was the largest for that month since 1931. Marketings in the remainder of the winter and in the spring and summer will continue to be larger than in the like period last year. On the favorable side is the fact that domestic consumer demand is better than at this time last year, and that for the entire year a better export demand for hog products is in prospect. Exports of pork and lard were larger in 1939 than in 1938.

CATTLE: Smaller Returns

Cattle feeding will be less profitable this winter and spring than last. Prices of the better grades of cattle are lower than at this time last year, and feed prices are higher. The Corn Belt had 12 percent more cattle on feed this January 1 than last, and the Western States 19 percent more. The total number on feed this January 1 was the largest in recent years.

The increase in cattle on feed will be reflected in larger marketings of grain-fed cattle in 1940 than in 1939—especially in the first half of the year. But the increase in nearby months probably will be more in short-fed than in long-fed cattle. (Corn Belt feeders reported in January they expected to market a larger proportion of cattle January through April, and a smaller proportion after April, this year than last.)

Smaller marketings of cows and heifers are in prospect during the first half of 1940 as compared with the like period in 1939. But the decrease may not be enough to offset the increase in

marketings of fed cattle, and total cattle slaughter may equal or exceed the total in the corresponding period of last year. The lower grades of slaughter cattle have been selling recently at about the same prices as a year earlier.

Inspected cattle slaughter totaled 9,446,000 head in 1939, or about 3.5 percent less than in 1938. Average weight was slightly heavier than in 1938, and the total live weight was only about 1.5 percent smaller than in 1938. Inspected calf slaughter totaled 5,264,000 head in 1939, or about 4 percent less than in 1938.

LAMBS: Near Record

Approximately 6.0 million head of sheep and lambs were on feed January 1 in the principal feeding States, compared with 5.8 million a year ago, 6.0 million 2 years ago, and 5.6 million average in the 5 years 1933-37. The number on feed this January 1 was the second largest on record.

Of the total on feed this January 1 about 3.3 million head were in the Corn Belt, and 2.6 million in the Western States. The number in the Corn Belt was about 5 percent larger than at the beginning of 1939. In the Western States the increase was only 15 thousand head, and it is likely that during the remainder of the winter feeding season the number on feed in these States will be smaller than in 1939.

Marketings of fed lambs during the remainder of the fed lamb marketing season—through April—will be about the same as in the corresponding period last year, with supplies larger through February, and smaller in March and April. Most of the lambs fed in the Corn Belt usually are marketed before mid-winter. Most of the marketings in March and April are from Western States.

Total slaughter supplies of sheep and lambs may be larger this spring than last, since increased marketings of yearlings and early lambs are expected from Texas. Prices of slaughter lambs in December and early January were

a little higher than a year earlier, due chiefly to stronger consumer demand and higher prices for wool.

WOOL: Small Supply

Mill consumption of wool continues at a high level, domestic stocks of wool are running low, and imports of wool are increasing. United States buyers purchased considerable wool in South African and South American markets in the last four months of 1939, and in January orders were being placed in Australia for fine and one-half blood wools. Much of the imports will supplement the small domestic supply to be carried over into the new marketing season that begins on April 1.

The domestic supply situation is somewhat similar to that of early 1937, when stocks were small and imports and mill consumption were relatively large. (The April 1, 1937, carry-over of domestic wool was the smallest in several years, but by reason of relatively large imports in the first quarter of the year, the total supply of foreign and domestic apparel wool held by dealers and manufacturers was larger on April 1, 1937, than on April 1, 1936.)

Prospects for mill consumption after the first quarter of this year are not clear at this time. A pertinent observation, however, is that in recent years there has been a decided tendency for consumption to decrease following a year of increasing consumption. Consumption in 1939 was a near record.

OILSEEDS: Prices Higher

Prices of domestic oilseeds—cottonseed, soybeans, and flaxseed—advanced from September through December to levels higher than in December 1938. Gains were registered even though the total domestic supply of fats and oils is the largest on record, and supplies of feed grains and other feedstuffs are relatively large.

Cottonseed: Production of cottonseed totaled 5.2 million tons in 1939, compared with 5.3 million tons in

1938, and with 6.1 million tons average for the ten years 1928-37. Prices of cottonseed at Dallas in December averaged \$27.60 per ton, compared with \$23.00 a year earlier. Cottonseed oil prices were lower in December 1939 than in December 1938, but prices of cottonseed cake and meal, and of hulls and linters, were considerably higher.

Soybeans: Production of soybeans totaled about 87 million bushels in 1939, compared with 63 million bushels in 1938, and with 22 million bushels average for the 10 years 1928-37. No. 2 Yellow soybeans at Chicago averaged \$1.15 per bushel in December, compared with 81 cents in December 1938. A strengthening factor has been the prospect of record exports of soybeans to European countries formerly supplied by Manchuria. Prices of soybean oil averaged about the same in December as a year earlier, but prices of soybean cake and meal were considerably higher, reflecting improvement in the demand for feeds.

Flaxseed: Production of flaxseed totaled 20.3 million bushels in 1939, compared with 8.2 million bushels in 1938, and with 11.9 million bushels average for 1928-37. No. 1 flaxseed at Minneapolis averaged \$2.07 per bushel in December, compared with \$1.90 a year earlier. The price of flaxseed apparently has been influenced largely by increased prices of linseed oil, which were nearly 20 percent higher in December (at Minneapolis) than a year earlier. Important factors in the higher linseed oil prices include increased building activity and relatively strong demand for paints, and restricted exports of tung oil from China.

TRUCK CROPS: Freeze

Freezing weather in late January destroyed vast areas of truck crops in the South. Market prices of vegetables rose sharply in consequence. Practically all tender vegetables were destroyed in Florida, snap beans, beets,

and cabbage were damaged in Texas, cabbage was destroyed in Alabama.

The winter crop of snap beans in Florida had been indicated in early January to be about 16 percent larger than a year earlier, off-setting to some extent the short fall crop. Texas was reported as having an unusually large crop of beets this season, about 13 percent more than last season. The early cabbage crop, affected by drought, in Texas, was reported about 12 percent smaller than the crop a year earlier. Early production of carrots, celery, and tomatoes was expected to be larger, and of spinach smaller, this season than last.

RICE: Supply Up

The 1939-40 supply of Southern-grown rice—the 1939 crop plus carry-over on August 1 last—was 13.7 million barrels, compared with 13.3 million barrels in 1938-39. The 1939-40 supply in California—production plus October 1 carry-over—was 3.1 million barrels, compared with 2.7 million barrels in 1938-39.

Disappearance of rice during the period August-December was a little smaller than in the like period of 1938. United States stocks of rice on January 1, 1940, totaled about 11.1 million barrels compared with 10.5 million barrels a year earlier.

Prices are somewhat higher than at this time last year, due largely to anticipation of stronger foreign demand as a result of the European War. Improved domestic consumer demand and heavy shipments of rice to Puerto Rico have been price-supporting factors.

FRUITS: Prices Improved

Fresh fruits have been selling at fairly good prices this winter considering the curtailment of exports and the large supplies available for domestic consumption. Principal factor in the price situation is the improved buying power of consumers.

Apples: January 1 cold storage stocks of apples were slightly smaller than a

year earlier, but exports of apples are expected to be reduced materially in the first half of this year, and the quantity available for domestic consumption probably is about 4.5 million bushels more than the 20.5 million bushels sold in the domestic market in the first half of 1939. Government purchases for relief are being continued.

Pears: January 1 stocks of pears totaled about 1.2 million boxes and baskets, compared with 1.4 million a year earlier. Even though exports are completely cut off, the available supply is no larger than the quantity sold in domestic markets during the first 6 months of 1939—approximately 1.2 million boxes and baskets.

Citrus: Citrus fruits were extensively damaged by the freezing weather in Florida and Texas in late January, but trees were reported to have escaped with little injury. Prior to the freeze it was estimated that supplies of citrus fruits were slightly smaller this winter than last, but considerably above the 1928-37 average. A record large Florida orange crop of 35.9 million boxes had been indicated, but the California navel crop—indicated at 15.4 million boxes—is about 14 percent smaller than in 1938-39. The grapefruit crop was indicated about 16 percent smaller than a year earlier, and lemon production about 6 percent smaller. Marketings of the citrus crops had been at about a normal rate.

DAIRY: Production Record

More cows are on farms this winter than last, the cows are being fed liberally, and milk production is expected to continue in large volume. Milk production on January 1 was the largest on record. Feed costs more than at this time last year, but this has been offset in part by higher prices of dairy products.

A larger proportion of the milk produced this winter has been consumed as fluid milk and cream, a smaller proportion going into the manufacture of dairy products. Storage stocks of

dairy products were in normal volume at the beginning of the year as contrasted with the excessive supply a year earlier. The stocks situation was greatly helped during the past year by Government distribution of products to persons on relief.

It is expected that with improved buying power, consumer expenditures for butter will be larger during the first half of this year as contrasted with the corresponding period in 1939. (Of more than passing interest during January was the renewal of efforts in a number of cities—New York, Washington, Boston, Chicago—to reduce milk prices to consumers.)

POULTRY, EGGS: Records

The new year began with egg production the largest on record for that time of year. Prices were depressed in consequence, but advanced in late January as freezing weather curtailed production. Farm flocks usually reach a peak near the first of the year. There was an average of 85.2 layers per farm flock on January 1, compared with 82.8 a year earlier, and with 84.5 average for January in the 10 years 1929-38.

Egg production per farm flock on January 1 was 9 percent higher than on that date in 1939, and about 40 percent above the 1929-38 average. Increases as compared with a year ago were: West North Central States, about 14 percent; East North Central, about 13 percent; Western, about 11 percent; South Atlantic, about 8 percent; North Atlantic and South Central, about 3 percent.

Farm prices of chickens and eggs in mid-January averaged the lowest for that month in 6 years. Feed prices are relatively high. It is expected that during the first half of 1940 more eggs and more pounds of poultry will be required to buy 100 pounds of feed than in the corresponding period of 1939. Cold storage stocks of poultry and eggs were larger this January 1 than last.

—FRANK GEORGE.

Trends in Food Prices

INTEREST has centered upon domestic price trends since the outbreak of the war in Europe. The general public expected sharply rising food prices and some looked for profiteering in food products by middlemen. Actually, retail food prices declined following the initial spurt in early September, and middlemen's margins, after showing no increase from August to September, dropped below the August level during the last 3 months of 1939.

In order to trace general trends in prices and margins, retail prices of 58 food items have been combined so as to represent expenditures by a typical workingman's family. Payments to farmers for equivalent quantities of farm products are compared with these retail expenditures. The difference or margin between farm value and retail value represents the total charges for all marketing services—transportation, processing, storage, and distribution—required to transfer food products from the farmer to the consumer.

Indexes in the following table for 58 foods show the changes in the marketing margin and in food prices at retail and paid farmers. These indexes are expressed in terms of August 1939—the month preceding the European war—as 100.

58 Foods Consumed by a Typical Workingman's Family—Index Numbers of Retail Value, Equivalent Farm Value, and Marketing Margin, selected months of 1938 and 1939

August 1939=100

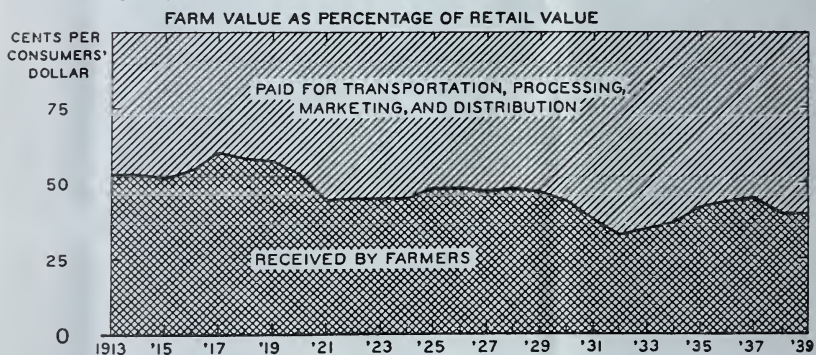
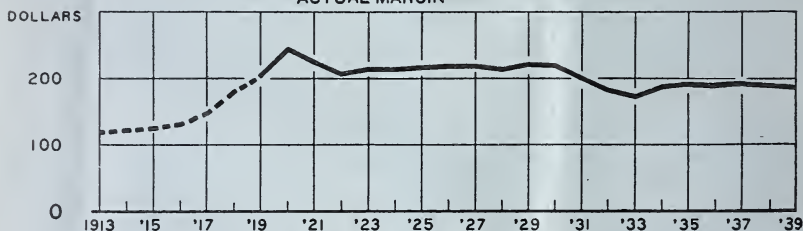
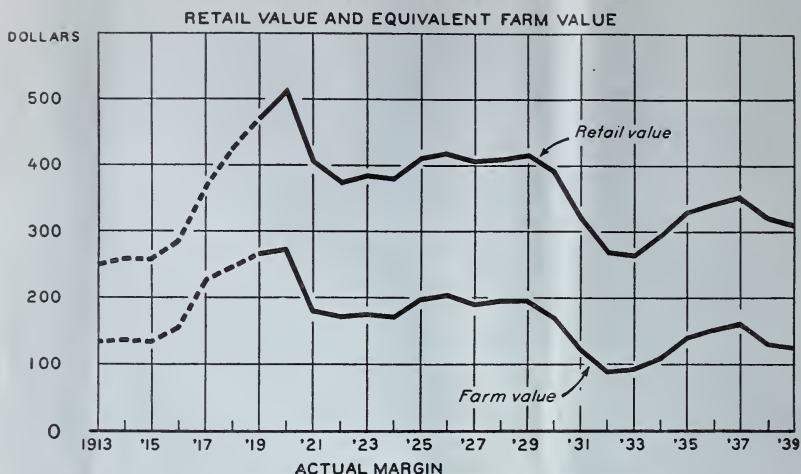
Month	Farm value	Retail value	Margin
1938:			
August.....	106	105	105
September.....	108	106	104
December.....	113	106	102
1939:			
January.....	108	104	101
April.....	104	102	101
July.....	102	102	102
August.....	100	100	100
September.....	114	105	100
October.....	114	104	98
November.....	116	104	96
December.....	112	103	97

PRICES of most food products rose markedly from mid-August to mid-September. Retail food prices as a whole rose 5 percent to September 15, but slowly declined to a level which in December was 3 percent above August. The marketing margin did not change from August to September, but dropped 3 percent during the last three months of 1939. All of the dollar increase in retail value of 58 foods occurring August to September was passed back to the farmer, with farm value of 58 foods rising by 14 percent. Farm prices showed a slight further gain in November, but declined in December to a level 12 percent above August and 1 percent below December of 1938. Prices received by farmers for eggs were a record low for December, and hog prices were the lowest for the month since 1933.

THE accompanying chart depicts the trends, 1913-39, of retail value, equivalent farm value, and marketing margin for the entire group of 58 foods. For the year 1939 a family would have spent for these foods at retail \$311, a drop of 3 percent below the \$321 spent in 1938. The equivalent farm value was \$126 for 1939 compared with \$130 in 1938 and \$160 in 1937. The marketing margin at \$185 in 1939 was the smallest since 1933 and the second smallest in the last 21 years.

Examining the trends illustrated in this chart it is obvious that the marketing margin is much less flexible than the retail value. This means that the wide variation in retail value or consumers' expenditures is passed back to the farmer in the form of extremely violent fluctuations in farm value. The 21 percent decline in retail value occurring from 1920 to 1921 was accompanied by a 34 percent drop in farm value. During the depression years 1931-34, and again during the last 2 years 1938-39 the farmer received less for these foods than he did

RETAIL AND FARM VALUE OF 58 FOODS, 1913-39 (BASED ON AMOUNT CONSUMED ANNUALLY BY A TYPICAL WORKINGMAN'S FAMILY)



during the pre-war years 1913-15, although consumers were obliged to spend more for retail food purchases than in the pre-war period.

THE lower section of the chart shows farm value as a percentage of retail value. This may be used as a rough measure of the farmer's share of the consumer's dollar spent for foods. For individual foods this share varies widely, in 1938 ranging from about 60 cents for eggs and some meat

products down to 8 cents for soda crackers. The farmer's share remained practically unchanged at 40½ cents in 1938 and 1939, compared with the recent high point of 45 cents in 1937 and the low of 33 cents in 1932. During the decade of the 1920's this share averaged about 47 cents. The developments of recent months, if continued, promise an increase in the farmer's share for the year 1940.

R. O. BEEN.

The Trade-Agreements Program

UNDER authority of the Trade Agreement Act of 1934 the United States has reciprocal trade agreements with 21 foreign countries¹—in Europe, the Near East, Latin America, and North America. The agreements with Nicaragua and with Czechoslovakia are not now in full effect. Trade agreement countries account for about 60 percent of the total export and import trade of the United States. Their commerce with this country and among themselves constitutes about three-fifths of the total international trade of the world.

By entering into trade agreements with the United States these nations may be presumed to have evinced their acceptance of those principles of fair and nondiscriminatory trade, with the fewest possible excessive and uneconomic barriers, upon which the trade-agreements program is based.

THE Trade Agreement Act authorizes the President, in negotiating an agreement, to make tariff modifications—by not more than 50 percent of the existing tariff rate—and other adjustments in United States customs treatment of foreign goods. The Act requires that in negotiating the agreements the President obtain the advice and assistance of the Departments of Agriculture, Commerce, and State, and of the United States Tariff Commission. It also requires that full opportunity be given all interested persons to present facts and views on any agreement before it is concluded.

Through this bargaining process the trade-agreement countries have modified or removed hundreds of excessive tariffs, quota restrictions, exchange controls, and other barriers to their imports of American goods. To in-

duce them to make these adjustments this country has modified certain United States tariffs, guaranteed not to impose duties on certain commodities already on the duty-free list, and made other concessions in its customs treatment of foreign goods.

By lowering or removing such barriers on both sides, the agreements help to reopen, sustain, or enlarge both foreign and domestic markets for products of American farms and factories, thus tending to increase incomes and employment among American farmers and industrial workers, enhance their ability to buy each others' products, and to raise the standards of living of all economic groups in the United States.

Through these agreements the United States has obtained from foreign countries tariff and other modifications on agricultural commodities which, on the basis of 1937 data, made up 47.3 percent of total United States farm exports. It has also obtained concessions on industrial products which, on the basis of 1937 data, constituted 24.9 percent of this country's nonagricultural exports.

OUTSTANDING among the concessions obtained on American agricultural products is the United Kingdom's removal of its preferential tariffs of 6 cents a bushel on wheat and 10 percent ad valorem on lard, and the enlargement of the British import quotas on American hams, which are duty-free. Canada reduced its duties by from 12 to 75 percent on various meat products from the United States, and 16 countries other than the United Kingdom and Canada have made concessions on American meat products. Cuba, the second largest foreign market for American lard, reduced its duties on that product from 9.6 cents a pound to 1.5 cents, and abolished its consumption tax of 1 cent a pound.

Fourteen agreements now in effect include concessions on fresh or canned

¹ Belgium, Brazil, Canada, Colombia, Costa Rica, Cuba, Czechoslovakia, Ecuador, El Salvador, Finland, France, Guatemala, Haiti, Honduras, Nicaragua, Netherlands and Colonies, Sweden, Switzerland, Turkey, United Kingdom and Colonies, and Venezuela.

citrus fruits from the United States; concessions on American dried fruits have been obtained from all but one of the agreement countries, concessions on American fresh fruits from all but two, and concessions on various canned fruits from all except one. Seventeen agreements now in effect reduce or bind the duties on fresh, dried, or canned vegetables from the United States.

Great Britain, Canada, Guatemala, El Salvador, the Netherlands, Cuba, Ecuador, Venezuela, Switzerland, Honduras, and Costa Rica have made concessions on American wheat or wheat flour.

The United States has obtained concessions on a wide range of its non-agricultural products, manufactures, and semimanufactures. Among these are iron and steel products, semimanufactures, and manufactures; automotive products; electrical equipment; industrial and agricultural machinery; office appliances and equipment; rubber products; chemicals, paints, and allied products; hides and leather manufactures; and certain textiles. When exports of such products increase, the domestic market for farm products is enlarged.

IN order to obtain these improvements in foreign treatment of its exports, the United States has, in turn, made concessions on imports. This country has reduced duties on commodities which, in 1937, made up 14.6 percent, by value, of United States imports classified as agricultural. This includes sugar from Cuba which, in that year, constituted 7.3 percent of the total agricultural imports. In addition, the United States has guaranteed against increase the existing rates of duty on commodities that accounted for 1 percent of our 1937 agricultural imports, and has guaranteed continuance of existing duty-free status of commodities making up 38.6 percent of such imports.

The United States has made duty reductions on nonagricultural articles which, in 1937, constituted 23.4 percent of such imports into this country;

has bound against increase the existing rates of duty on 3.4 percent of our 1937 nonagricultural imports; and has guaranteed continuance of existing duty-free status on 38.6 percent of our 1937 nonagricultural imports.

Agricultural imports on which concessions have been made by the United States fall into three classes: (1) Tropical or other products not grown in the United States, most of them not subject to United States tariffs; (2) products the imports of which supplement domestic production requirements; and (3) special foreign products for which a demand, often a luxury demand, exists in the United States.

Most of the United States concessions that have been made on products in the first class consist of guaranteeing continuance of the existing duty-free status. Tariff modifications on the second class, in the cases of live cattle, milk and cream, certain fruits and vegetables, and other products, have been so restricted as to apply only to limited quotas of the commodity in question or to imports at specified seasons.

OPERATION of the trade-agreements program has been accompanied by marked increases in United States international trade. Estimated total United States exports in 1939 were 3.1 billion dollars as against 1.7 billion in 1933. Estimated total United States imports were valued at 2.3 billion dollars as compared with 1.5 billion in 1933. In the preceding period, marked by extremely high United States tariffs and extremely rigorous restrictions by foreign countries, United States exports had dropped from 5.2 billion dollars in 1929 to 1.6 billion in 1932, and imports had declined from 4.4 billion to 1.3 billion.

Trade agreements, by reducing and removing barriers to international commerce, played an important part in these increases, although many other factors—political unrest, armaments production, crop conditions, and the like—combined to determine the course of foreign trade.

As compared with the annual average for the 2-year period 1934-35, the annual average of United States exports to trade-agreement countries in the 2-year period 1938-39 increased more than 50 percent, while exports to nonagreement countries rose only 28.3 percent. United States imports, in the same periods, rose 17.8 percent in the case of trade-agreement countries and only 11.3 percent in the case of non-agreement countries.

United States farm exports to countries with which trade agreements were in effect during the fiscal year ended June 30, 1939, were 15 percent larger than farm exports to the same countries in the fiscal year ended June 30, 1936, whereas farm exports to all other countries declined 19 percent in the same period.

NOT only have American exports to the trade-agreement countries increased. The United States has gen-

erally obtained during the agreement period a greater share of the total markets in those countries than have the other countries supplying them.

For example, Cuban purchases from the United States have more than doubled since the agreement with that country went into effect in 1934. Total Canadian imports from the United States increased 115 million dollars or 37 percent in 1938, as compared to 1935, the year preceding the first Canadian agreement. Similar results appear in trade between the United States and the Netherlands, Switzerland, and other countries.

Trade-control measures taken in the interests of national defense since the outbreak of war in Europe have not made necessary the termination of any trade agreement.

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Six Years of Marketing Agreements

II: Fruits and Vegetables

DURING the last 6 years more than 50 different marketing agreement programs have been in effect to help growers and handlers improve selling conditions for a wide range of specialty crops, particularly fruits and vegetables. The farm value of the commodities marketed under these programs since 1933 is estimated at nearly one billion dollars. Products have included citrus fruits, pears, plums, peaches, watermelons, onions, celery, lettuce, peas, potatoes, nuts, tobacco, and hops.

In 1939 more than 86,000 farmers produced the products which were sold under the terms of marketing agreement programs for specialty crops. The farm value of the products so handled aggregated \$123,500,000. The principal activity was in oranges and grapefruit, with the three main producing areas operating under

marketing agreement programs toward the end of the season to improve selling conditions for the largest citrus crop on record. The California-Arizona citrus industry has had a marketing agreement program in operation almost continuously since 1933. The program for Texas was in its second year of operation during 1939, while a new program was put into effect for the Florida citrus industry in February of that year.

OF more than 45 marketing agreement programs in effect during the 1939 calendar year, 20 were for commodities which included fruits, vegetables, nuts, hops, and tobacco. Of this number, 16 marketing agreement programs were in actual operation. All were in effect through marketing agreements and orders, except one for Connecticut Valley shade-grown to-

bacco which continued through a marketing agreement and license.

The specialty crops for which marketing agreement programs are in effect are grown in concentrated areas of production located at fairly great distances from market outlets. The length of haul to consuming centers ranges from 800 miles to an average of over 2,000 miles in the case of many of the crops on the Pacific coast for which marketing agreement programs are in effect.

THE Marketing Agreement Act specifies the types of regulation which may be employed in regulating the handling of agricultural commodities. For specific commodities other than milk and its products, the Act authorizes regulations which may be used to govern the volume, grade, or size of the commodity shipped out of the producing area during any given period. The specific types of regulation which may be used for any particular industry are governed by the terms of the marketing agreement program which it has in effect. Each marketing agreement program is so written as to incorporate those authorized regulatory provisions which will best meet the needs of the industry involved.

Volume regulation is designed to control the quantity of a commodity shipped out of the producing area during a given period of time. It is designed to adjust shipments more nearly in keeping with what is deemed advisable to be shipped to prevent glutted markets and low returns to producers. This type of regulation is difficult to administer in that it presupposes thorough knowledge of demand conditions, accurate determination of available supplies, and equitable allotment among all handlers of the advisable quantity to be shipped. Volume regulation has operated most successfully where a high degree of industry organization existed and assured the conditions necessary for its operation.

DURING 1939 the movement of such commodities as California-Arizona oranges, Texas grapefruit and oranges, Pacific coast walnuts and hops, and fresh prunes grown in Oregon and Washington was governed by volume regulations issued under marketing-agreement programs. In the case of California-Arizona oranges, Texas citrus fruit, and Oregon and Washington fresh prunes, the regulations involved control over the rate of flow to market as a means of improving returns to growers. The regulations for walnuts sought to improve returns to producers through the diversion of a portion of the merchantable supplies from the domestic unshelled market into the shelled and export markets. The program for hops restricted the total quantity marketed through allotments to growers made in advance of harvesting. This adjusted the quantity of hops sold more nearly in keeping with what the markets required and saved growers the expense of harvesting and trying to sell supplies which could not readily be absorbed by the trade.

REGULATIONS restricting the movement of certain grades or sizes of a commodity are being more commonly employed in marketing-agreement programs. Grade and size regulations issued during 1939 governed shipments of such products as Florida and Texas citrus fruits, southeastern watermelons, Colorado vegetables, Colorado peaches, California Bartlett pears, Elberta peaches and plums, Oregon and Washington fresh prunes, and Pacific coast fall and winter pears.

For the most part, grade and size regulations are designed to keep off the markets all or part of any low grade or discounted size of a product so as to improve both the quality of products shipped and the returns to producers. In general, where grade and size regulations have been put into effect, it was believed that if the prohibited grades or sizes had been

permitted to be shipped, they would have returned prices to growers insufficient to cover the direct costs of harvesting and marketing.

Under some of the marketing-agreement programs, this type of regulation has been used to prevent shipment of immature products during early weeks of a season. Both growers and shippers contend that the shipment of immature produce early in the season has an adverse effect on both consumer demand and returns to growers. This has been prevented under some marketing-agreement programs through the use of regulations governing the size of the commodity which may be shipped. In such instances, the commodity involved is of such nature as to increase in size and maturity without becoming overripe for shipment.

EACH marketing agreement program provides for the establishment of an administrative agency, and for the issuance of the regulations to govern the handling of the commodity or shipments out of the defined producing area. The administrative agency is dominated by the membership of growers, and it usually consists of one committee named from among nominees elected by growers and handlers to represent the respective group interests. Some of these programs have two committees, one of growers responsible for administrative action, and the other of handlers who act in an advisory capacity.

Regulations which are to govern shipments during any given period are recommended by the administrative agency to the Secretary of Agriculture, who is responsible for putting any regulation under a marketing agreement program into effect. The nature of the regulation which may be recommended varies with conditions both in the producing area and in the markets, and is governed by the limitations prescribed in the marketing agreement and order and by the Marketing Agreement Act.

SIX years of experience in regulating shipments reveal that certain conditions must exist within an industry before a marketing agreement program can operate successfully. Most important of these is organization among producers in the marketing of their products. The marketing agreement programs in operation for the longest time are those for industries such as California-Arizona citrus and Pacific Coast walnuts, in which most of the growers are members of strong cooperatives. The degree of organization which is necessary depends largely on the type of regulation which is to be employed, volume regulation requiring the highest degree of organization in an industry's marketing structure. In addition, the marketing institutions and grower-handler relationships in an industry operating under a marketing

Estimated Number of Growers and Approximate Annual Farm Value of Crops for Which Marketing Agreement Programs Were in Effect During the Calendar Year 1939

Marketing agreement program	Number of growers	Farm value (1,000 dollars)
Walnuts — California, Oregon, and Washington ¹	14, 000	11, 240
California-Arizona citrus ¹	20, 000	43, 400
Western Washington vegetables.....	1, 300	1, 150
Watermelons—Florida, Georgia, North Carolina, and South Carolina ¹	10, 000	2, 520
Colorado vegetables ¹	250	950
Utah onions ¹	200	220
Texas citrus ¹	7, 500	6, 190
Oregon cauliflower.....	300	90
Colorado peaches ¹	600	970
Colorado onions ¹	1, 100	830
Arkansas grapes.....	1, 000	190
Fresh prunes—eastern Oregon and eastern Washington ¹	600	380
Hops—California, Oregon, and Washington ¹	1, 250	5, 550
Package bees and queen bees ¹	250	450
California, Oregon, and Washington fall and winter pears ¹	3, 000	1, 600
Florida citrus ¹	20, 000	35, 150
California Elberta peaches, Bartlett pears, plums, apricots, and cherries ¹	7, 000	6, 780
Mississippi tomatoes.....	2, 750	540
California Beurre hardy pears ¹	500	270
Connecticut Valley shade tobacco ¹	50	7, 000
Totals for marketing agreements in effect in 1939.....	91, 650	125, 470
Totals for marketing agreements in operation in 1939.....	86, 300	123, 500

¹ Operative during 1939.

agreement program must be such that grower and handler equity will be insured when regulations are in force. Effective regulation under these programs requires the adjustment of conditions in an industry to the needs of the program, recognizing the type of regulation to be employed.

Adequate facilities must exist to provide the administrative committees with crop estimates, market information, and other data necessary in considering proposed shipping regulations. Each marketing agreement program contains provisions which authorize the working machinery for gathering the required kinds of information.

EXPERIENCE has shown that regulations cannot be consistently

and effectively administered without thorough appreciation by industry groups of the fundamental principles of marketing control. It is not uncommon for some to feel that the mere issuance of a regulation will bring about an increase in price and improvement in growers' returns. In no case has the mere existence of a regulation under a marketing agreement program increased prices above what could be expected for the volumes and composition of the supply marketed. Actual regulation of shipments must be brought about if prices and returns to growers are to be influenced.

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Cash Farm Income \$8,518,000,000 in 1939

FARMERS' total cash income from marketings, commodities placed under loan, and Government payments in 1939 amounted to \$8,518,000,000. In 1938 total cash farm income was \$8,081,000,000 and in 1937 the income was \$9,111,000,000. The estimates of income for 1938 and 1939 are revisions from those published in the December 1939 issue of the Agricultural Situation and take into account revisions in production, as shown in the December crop report, in prices received by farmers, and final data on Government payments in 1939.

Cash income from farm marketings and from commodities placed under loan totals \$7,711,000,000 in 1939 compared with \$7,599,000,000 in 1938. Government payments on the Soil Conservation Program, Sugar Act payments, and price parity payments totaled \$807,000,000 in 1939 compared with \$482,000,000 in 1938.

INCOME from crops in 1939 was 4 percent larger than in 1938, where-

as income from livestock and livestock products was unchanged. Total income from crops in 1939 was \$3,238,000,000 compared with \$3,126,000,000 in 1938. Income from several of the more important crops was larger in 1939 than in 1938. Government loans on corn added materially to farmers' income in 1939. Cash income from sales and loans on corn amounted to \$326,000,000 compared with \$269,000,000 a year earlier. Income from flax in 1939 was more than twice as large as in 1938 while income from most other grains except grain sorghums was about the same as a year earlier. Because of the lower prices for grain sorghums, income was only about 74 percent as large in 1939 as in 1938.

Marketings of cotton in 1939 were somewhat smaller than in 1938 so that in spite of higher prices during much of the 1939 marketing season total income from cotton and cottonseed declined from \$647,000,000 in 1938 to \$609,000,000 in 1939. The marked decline in tobacco prices more than offset the unusually large sales

of 1939 and income from tobacco declined from \$294,000,000 in 1938 to \$264,000,000 in 1939.

THE improvement in consumer income in 1939 was reflected in the income to farmers from fruits and

Cash Farm Income in the United States, by Crops and by Groups of Livestock and Livestock Products, Calendar Years 1936-39

Commodity	1936	1937	1938 ¹	1939 ¹
CROPS				
	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>
Corn.....	264,818	224,316	269,395	326,039
Wheat.....	450,859	604,640	396,082	396,677
Oats.....	47,833	67,022	42,522	44,516
Barley.....	45,595	42,672	38,165	37,397
Rye.....	15,196	19,856	8,325	8,700
Buckwheat.....	1,837	1,952	1,519	1,371
Flaxseed.....	10,397	13,062	12,164	24,463
Rice.....	31,556	32,597	33,977	32,848
Grain sorghums.....	7,628	8,332	7,499	5,514
Cotton lint.....	763,360	770,377	562,131	525,320
Cottonseed.....	141,519	113,399	84,790	83,485
Tobacco.....	243,169	320,518	294,333	263,979
Dry edible beans.....	42,909	48,426	37,529	36,773
Potatoes.....	229,820	183,736	127,701	157,059
Sweetpotatoes.....	22,816	24,391	21,792	21,350
Truck crops ²	358,261	388,631	345,673	367,282
Citrus fruits.....	126,628	147,705	101,044	99,600
Apples.....	95,444	110,481	82,980	97,760
Peaches.....	40,014	50,330	31,169	40,572
Pears.....	18,803	16,875	12,630	15,437
Cherries.....	7,529	12,405	7,056	9,080
Grapes.....	39,043	54,638	37,828	37,785
Strawberries.....	34,902	42,604	37,509	39,158
Cranberries.....	6,848	7,561	5,226	6,909
Tree nuts ³	16,224	21,144	18,506	18,930
Small fruits ⁴	10,777	13,630	10,618	11,094
Other fruits ⁴	38,054	41,850	31,097	36,731
Sugarcane for sugar.....	19,952	17,444	18,181	16,511
Sugar beets.....	55,675	51,836	54,598	50,481
Sugarcane sirup.....	5,940	6,571	5,926	6,497
Sorgo sirup.....	3,793	3,857	3,589	3,393
Maple sugar and sirup.....	3,280	3,923	4,370	4,104
Hay.....	85,729	95,992	67,117	65,400
Clover seed (red and alsike).....	12,319	10,884	12,642	15,069
Sweetclover seed.....	2,143	2,150	1,288	2,028
Lespedeza seed.....	2,785	3,963	5,204	5,623
Alfalfa seed.....	8,804	12,156	9,931	11,983
Timothy seed.....	2,549	2,707	1,759	1,970
Soybeans.....	28,745	30,753	32,313	49,651
Cowpeas.....	4,736	5,826	6,147	5,729
Peanuts.....	35,135	38,207	45,257	34,086
Hops.....	6,942	6,411	6,340	8,773
Other ⁵	185,146	201,948	192,302	210,869
Total crops.....	3,575,112	3,877,787	3,126,224	3,237,996
LIVESTOCK AND LIVESTOCK PRODUCTS				
Meat animals.....	2,232,843	2,329,917	2,179,606	2,262,136
Poultry ⁷ and eggs.....	798,561	831,763	777,173	722,166
Dairy products.....	1,459,182	1,531,510	1,398,246	1,354,760
Wool.....	96,824	117,270	71,378	85,196
Other ⁸	49,519	55,878	46,815	48,727
Total livestock.....	4,636,929	4,866,338	4,473,218	4,472,985
Total crops and livestock.....	8,212,041	8,744,125	7,599,444	7,710,981
Government payments.....	287,252	366,899	482,221	807,065
Grand total including Government payments.....	8,499,293	9,111,024	8,081,663	8,518,046

¹ Preliminary.

² Includes all vegetables except dry edible beans, potatoes, and sweetpotatoes.

³ Includes almonds, filberts, pecans, and Persian (English) walnuts.

⁴ Includes blackberries, blueberries, currants, dewberries, gooseberries, loganberries, raspberries, and other berries exclusive of cranberries, and strawberries.

⁵ Includes apricots, avocados, dates, figs, nectarines, olives, persimmons, pineapples, plums, pomegranates, prickly pears, prunes, and quinces, as well as cherries in noncommercial States.

⁶ Includes broomcorn, field peas, popcorn, peppermint, sweetsorghum for forage, and forest, nursery and greenhouse products.

⁷ Includes chickens, turkeys, ducks, and geese.

⁸ Includes horses, mules, mohair, and honey.

vegetables. Income from vegetables increased from \$533,000,000 in 1938 to \$582,000,000 in 1939. Income from fruits increased from \$376,000,000 to \$413,000,000. Sugar prices in 1939 were about the same as in 1938, but production of most of the important sugar crops was lower than a year earlier and income declined from \$87,000,000 in 1938 to \$81,000,000 in 1939. Income from soybeans, clover and alfalfa seeds, and hops was also somewhat larger in 1939 than in 1938.

Income from peanuts declined somewhat from 1938 to 1939 because of the decline in the farm marketings.

Income from livestock and livestock products amounted to \$4,473,000,000 both in 1938 and in 1939. Income from cattle and calves, sheep and lambs, and wool was somewhat higher in 1939 than in 1938, but these advances were offset by the decline in income from poultry and eggs, dairy products, and hogs.

C. M. PURVES.

Farm Debt and Farm Foreclosure

WHERE one farm a year was taken out of the hands of its owner involuntarily in the pre-World War period 1910-14, about six were taken away each year in the period 1930-34. While the combined volume of voluntary and involuntary transfers of farm land was being reduced by one-half from 1910 to 1935 the volume of involuntary transfers alone increased sixfold during this 25-year period. Involuntary transfers in the pre-war period represented an average of 3.6 percent of the combined total; in the 1930-34 period involuntary transfers averaged 25.1 percent of the total.

These data are based upon a preliminary study of farm real estate transfers in 39 selected counties distributed throughout the United States. Based largely on the results of a more complete study made in cooperation with the Works Progress Administration, national and regional estimates of farm real estate transfers are being prepared for publication by the Bureau of Agricultural Economics. The abstract here presented as to real-estate transfers for 39 counties may be considered as indicative of some of the facts expected from the more comprehensive study.

Index Numbers of Voluntary and Involuntary Transfers of Farm Real Estate in 39 Selected Counties, 5-year Averages, 1910-34

[1910-14=100]

Period	Voluntary	Involuntary	Total
1910-14-----	100	100	100
1915-19-----	108	148	109
1920-24-----	79	287	85
1925-29-----	73	465	85
1930-34-----	52	551	68

Percentage Distribution of Voluntary and Involuntary Transfers of Farm Real Estate in 39 Selected Counties 5-year Averages, 1910-34

Period	Voluntary	Involuntary
	<i>Percent</i>	<i>Percent</i>
1910-14-----	96.4	3.6
1915-19-----	95.5	4.5
1920-24-----	89.2	10.8
1925-29-----	83.6	16.4
1930-34-----	74.9	25.1

Source: Bureau of Agricultural Economics.

Based on the recent study "Transfers of Farm Real Estate," August 1939. Data as to number of properties transferred, by kind of transfer, obtained from county records.

FROM 1930 to 1939 the total farm-mortgage debt was reduced from 9.6 billion dollars to 7.1 billion dollars. A substantial part of this reduction of

25 percent was almost entirely the result of the forced selling which this study indicates had increased by about five times in 25 years. Despite this decrease in the total farm-mortgage debt, the smaller indebtedness still represented the same percentage of the value of all farm lands and buildings at the beginning of 1939 as it did at the peak of farm-mortgage indebtedness in 1923.

In 1910 the total farm-mortgage debt was 3.2 billion dollars. This represented about 9 percent of the 35 billion dollars at which all farm land and buildings were valued in that year. The peak of the farm-mortgage debt was in 1923 when it was 10.8 billion dollars or 20 percent of the value of the land and buildings. At the beginning of 1939 the smaller farm-mortgage debt of 7.1 billion dollars still represented about 20 percent of the value of all land and buildings estimated at 35.4 billion dollars. In 1933 when land property values were at their depression low, the debt represented about 28 percent of the value of land and buildings in that year.

IN spite of the efforts of Federal credit agencies to relieve the farm-mortgage situation there is still widespread evidence that the mortgage debt is a major problem on the farm. During the second quarter of 1939 farm foreclosure sales, not including farms acquired by voluntary deed, by the Federal land bank and the Land Bank Commissioner were the highest of any quarter in the last 5 years. For the year, however, foreclosure sales by these agencies dropped by about 60 percent in the last 6 months compared with the first half of 1939.

Farm foreclosure sales of these two Federal agencies in the third quarter of 1939 amounted to 4.1 per thousand farms mortgaged to these agencies in 1935. This represents a decrease of 31 percent from the second quarter when the comparable figure for sales was 5.2 per thousand. The number of foreclosures by these agencies in the third quarter showed an increase of 21

percent above the comparable quarter for 1938 while the second quarter of 1939 was up 33 percent over the same period in the previous year. It is estimated that the last quarter of the year just closed will show a drop of 50 percent under the previous quarter of 1939 and about a third below the same period in 1938.

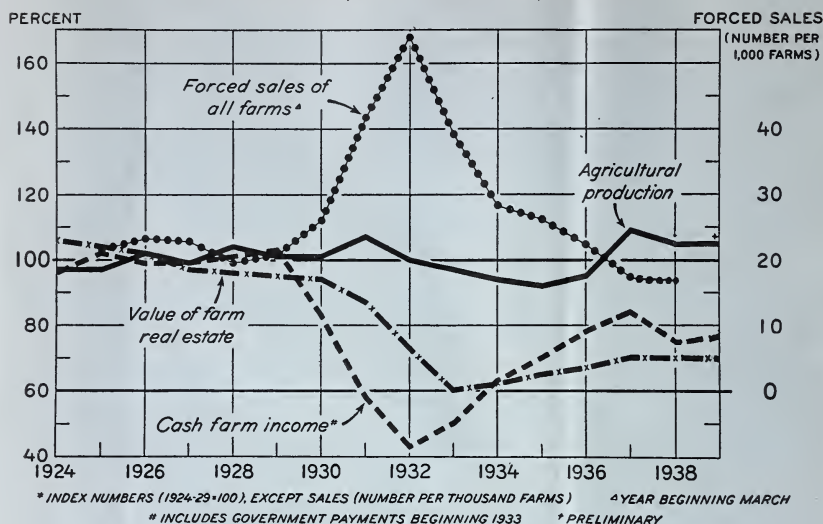
For all types of lenders farm foreclosure sales per thousand farms mortgaged were at about the same level for the first 9 months of 1939 as they were for the comparable period in 1938. The first three quarters of 1939 saw 12.3 per thousand farms sold by foreclosure compared with 12.7 per thousand in 1938.

Quarter ended	Federal land bank and land bank board	Individuals	Commercial banks	Insurance companies	Miscellaneous	All lenders
March.....	4.0	4.1	6.4	8.3	3.2	4.5
June.....	5.2	3.6	5.9	7.3	2.5	4.5
September.....	4.1	2.8	4.5	4.8	1.4	3.3

THE trend for all forced sales of farms for the nation as a whole from 1925 down to 1938 is graphically presented in the accompanying chart. The dotted line showing forced sales and related defaults per 1,000 farms for years beginning March 15 reveals that involuntary transfers were relatively unchanged during the 5 years 1925 to 1929, never rising above 23.3 per 1,000 for the whole time. In 1930, however, there was a sharp rise to 26.1 per 1,000. Forced transfers of farm real estate reached their peak of 54.1 per 1,000 in 1932. Since then forced transfers have gradually decreased and during the last 2 years have been at a level of approximately 17 per 1,000. With a large falling off in the total volume of all types of farm real estate transfers the relatively large numbers of forced sales which continue to be shown are all the more serious.

Probably the most significant conclusion to be drawn from this chart is the inverse ratio between fluctuations

AGRICULTURAL PRODUCTION, CASH FARM INCOME, VALUE OF FARM REAL ESTATE, AND FORCED SALES OF ALL FARMS, UNITED STATES, 1924-39*



in cash farm income and the volume of forced sales. Comparing the index for cash income with a line showing forced sales of farm real estate per 1,000 farms it will be seen that from 1925 to 1929 these were virtually parallel. But when cash income began its precipitous drop in 1929, forced sales immediately went up. Cash farm income reached its post-war depression low in 1932 and in that year forced farm sales were at their peak. The rise out of the depression from 1932 was accompanied by a comparable drop in forced farm sales through 1937 when cash farm income reached its post-depression peak.

The addition of an index showing farm real estate values brings out the lag in the translation of a shift in farm income in terms of land values on both the downswing and the upswing of the cycle. Real estate values fell more gradually than farm income during the depression. From 1932 through 1937 cash farm income increased 95 percent and during this period there was a gain of only 16 percent in farm real estate values. From 1929 to 1932, however, cash farm incomes had declined about three-fifths while farm real estate values declined somewhat more than one-third.

THE distress transfers in the last decade have unquestionably been an important factor in keeping farm real estate values from moving upward more rapidly as farm income increased after 1932. As the study of the 39 selected areas indicates, the average index for all types of transfer considered declined from 85 in the 1925-29 period to 68 in the 1930-34 period. The index for involuntary transfers rose from 465 for the earlier period to 581 in the latter, while the voluntary index figure dropped from 73 to 52. For 1925-29 involuntary transfers were 16.4 percent of the total whereas from 1930-34 they averaged 25.1 percent.

The substantial decrease in distress transfers since 1933 is generally considered a factor strengthening the tone of the farm real estate market. However, the large real estate holdings of the leading lending agencies have exerted an adverse influence on current real estate value movements. In 1929 the four¹ leading groups of lending agencies held farm real estate valued at \$149,559,000 but on January 1, 1939,

¹ Federal Land Bank and Federal Farm Mortgage Corporation, life insurance companies, joint stock land banks, and three State credit agencies.

these four groups held land valued at \$969,487,000. When the holdings of insured commercial banks are added to the 1939 total (figures for these banks did not become available until in 1936) holdings reach \$1,018,630,000. Most of these agencies are now selling more farms than they are acquiring, however, which should tend to relieve this situation somewhat.

THE fact that forced sales have not shown the same quick response to a drop in cash farm income since 1937 as in 1932 and that the consequences have probably not been so serious in recent years may have a number of causes. A factor of major significance affecting the whole situation has been the increase in the total farm debt held by governmental agencies and the effect that Government lending programs have had on general farm mortgage policies. The decline in farm income in 1937-38 was cushioned by governmental assistance and there was available to the farmer credit agencies which intervened to prevent a rapid rise in forced sales such as occurred in 1932. The extensive refinancing activities of the Farm Credit Administration up to 1935 had the effect of strengthening the financial position of many distressed farmers.

In 1930 about 12 percent of the total farm mortgage debt of the country was held by federally sponsored agencies. Today almost 40 percent of the total farm mortgage debt is held by such lending agencies. Most of this increase has come since 1933. The following table shows the number of foreclosure sales per 1,000 farms, by each type of lender:

Estimated Number of Farm Foreclosure Sales per 1,000 Farms Mortgaged to Each Type of Lender on January 1, 1935, From January 1934 Through June 1939 ¹

Year and quarter	Federal land banks and Land Bank Commissioner	Individuals	Commercial	Insurance companies	Miscellaneous	Total all lenders
Year:						
1934----	4.7	34.3	36.9	92.5	29.7	27.8
1935----	11.8	28.5	36.9	67.7	26.7	26.1
1936----	15.7	24.5	34.5	49.7	18.5	23.3
1937----	13.1	20.0	30.4	34.2	13.2	18.5
1938----	13.4	17.3	25.9	29.2	9.8	16.4

¹ Based on reports from counties including from 22 to 30 percent of the farms in the U. S.

Source: Farm Credit Administration—Farm Credit Quarterly, September 30, 1939.

The percentage of delinquent loans that has been permitted by the two federal agencies over a period of 5 years is also significant:

Percentage of Farm Loans Classified as Delinquent

	1935	1936	1937	1938	1939
Federal Land Bank..	19.9	14.9	15.9	20.0	20.5
Farm Mortgage Corp.	19.5	18.6	21.6	28.2	28.9

The fact that so large a percentage of the federally held mortgage debt is delinquent each year—and figures are available only for this portion of the farm debt—is a forceful indication that although much has been accomplished there is still a great deal of financial distress among farmers.

E. HJALMAR BJORNSON.

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A general index of articles which have appeared in The Agricultural Situation during the last 3 years—1937-39—is obtainable from the Bureau of Agricultural Economics, Washington, D. C.

Fresh Vegetables in Winter

TWENTY years ago—in 1919—nine southern States had approximately 232,000 acres in vegetables. These same States had in 1939 about 1,100,000 acres in vegetables. All show marked increases during these 20 years, but the greatest percentage increases have been in Texas, Louisiana, and South Carolina. Acreage in Texas increased from about 50,000 acres in 1919 to approximately 400,000 in 1939; in Louisiana, from 12,000 to 75,000; in South Carolina, from 16,000 to 90,000 acres.

There has been a marked increase also in the acreage of vegetables in Florida and Georgia. The expansion in Florida was from 61,000 acres in 1919 to 185,000 acres in 1939, and in Georgia from 37,000 to 135,000 acres. In California, the vegetable acreage increased from about 146,000 in 1919 to slightly more than 500,000 in 1939. Acreage in Arizona increased from about 6,000 in 1919 to slightly more than 45,000 in 1939.

(All of the California acreage is not planted to winter vegetables; California produces and markets some kinds of vegetables the year round, and it is not possible to segregate those grown primarily for the winter markets. Most of the vegetables in Arizona are produced largely for the winter and early spring markets.)

MANY things have contributed to the development and expansion of the winter vegetable industry in all areas, but 4 have been most important. These are:

1. The sharp rise in consumer purchasing power in the northern industrial cities during and following the World War.

2. The development of heating and refrigeration facilities for vegetables in transit from farm to market.

3. A general decline in the prices of and returns from

It is hard to tell nowadays from the stands of the greens grocer when seasons begin and end. Tender fresh vegetables are for sale there the year round—in winter as well as in other seasons—lettuce and tomatoes, celery and carrots, green peppers and spinach, snap and fresh lima beans, green peas, and many others. The production of fresh vegetables for winter markets is a 70-million-dollar industry. How and why it has grown in the last 20 years are described in the accompanying article.—Ed.

other important agricultural products commonly produced in these areas.

4. The emphasis which has been placed upon the vitamin content and health-promoting qualities of fresh vegetables.

THREE decades ago, few people—in the highest income brackets—could afford to buy the limited supplies of fresh vegetables available in winter. Relatively high production and transportation and marketing costs made it necessary that these products sell at high prices. But as national income rose, more people moved up into the higher income brackets, and the demand for fresh vegetables during winter increased.

At the same time, improvements in cultural, transportation, and marketing practices tended to reduce costs. Producers were encouraged to expand production. The collapse of prices of the more staple agricultural products in the early 1920's and again in the early 1930's also forced more producers into the winter vegetable production field. Prices of vegetables had declined much less than prices of most other kinds of farm products.

Extensive research by Federal, State, and private agencies revealed the valuable vitamin content of fresh vegetables, and dietitians have continuously insisted upon the increased use of these foods in the dietary. The promotion of fresh vegetables by food faddists also has been effective in increasing consumption of these garden crops.

THE total value of production or income to producers of vegetables in the southern States was close to 70 million dollars in 1939. The highest figure on record was in 1929 when the total income of consumers also was at a record high. In that year the value for the nine southern States was approximately double the 1919 figure of 43 million dollars. In California and Arizona the income from vegetable production has made even more striking gains.

But the Government statistics reveal a disproportionate rise in produc-

tion and income. Whereas acreage and production increased nearly five-fold in the southern States during the last 2 decades, the value of production or income to producers increased only about 50 percent. Prices per unit and returns per acre of winter vegetables as a group have declined, a reduction that has been offset only in part by the lowering of costs of production by the use of improved cultural practices.

Increased use of vegetables at relatively low prices in the dietary of the average American family has been made possible also by reductions in marketing costs through improvements in transportation facilities and greater efficiency in the handling of these products in terminal markets. The use of the high-speed motor truck has effected savings to both producers and consumers by widening the distribution of winter vegetables to smaller towns and cities.

GUSTAVE BURMEISTER.

United States: Exports and Imports of Specified Agricultural Commodities, Average 1924-29, Annual 1938 and 1939, and December 1938 and 1939

Commodity	Unit	Year ending December 31			December	
		Average 1924-29	1938	1939 pre- liminary	1938	1939 pre- liminary
Exports:		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Pork ¹	Pound.....	425, 311	95, 633	129, 543	9, 059	17, 392
Lard, includes neutral.....	Pound.....	788, 210	204, 603	277, 272	19, 198	18, 917
Wheat, includes flour.....	Bushel.....	184, 854	111, 409	99, 626	6, 891	2, 485
Apples, fresh ²	Bushel.....	14, 100	11, 761	8, 379	1, 673	338
Pears, fresh.....	Pound.....	63, 245	177, 134	97, 193	28, 467	6, 640
Tobacco, leaf.....	Pound.....	521, 802	472, 854	327, 216	52, 283	26, 557
Cotton, excludes linters (500 pounds).....	Bale.....	8, 474	4, 577	4, 819	388	849
Imports: ³						
Cattle.....	Number	338	434	764	40	29
Beef, canned, includes corned.....	Pound.....	⁴ 37, 271	78, 597	85, 863	6, 819	3, 351
Hides and skins, agricultural.....	Pound.....	⁵ 426, 062	179, 315	321, 009	25, 500	33, 161
Barley malt.....	Pound.....	⁶ 888	100, 576	101, 130	7, 775	5, 016
Sugar, excludes beet (2,000 pounds).....	Ton.....	4, 380	2, 974	2, 903	52	331
Flaxseed.....	Bushel.....	19, 882	15, 364	16, 028	1, 474	623
Tobacco, leaf.....	Pound.....	72, 574	60, 841	62, 214	4, 156	4, 075
Wool, excludes free in bond.....	Pound.....	⁶ 144, 281	34, 253	102, 564	4, 576	16, 396

¹ Includes fresh, canned, and pickled pork, bacon, hams, shoulders, and sides.

² Includes barrels, baskets and boxes in terms of bushels.

³ General imports prior to 1938. Subsequently, imports for consumption.

⁴ Includes a small amount of "meats canned, other than beef."

⁵ Includes reptile and fish skins.

⁶ Imports for consumption.

Office of Foreign Agricultural Relations. Compiled from Monthly Summary of Foreign Commerce of the United States and official records of the Bureau of Foreign and Domestic Commerce.

Economic Trends Affecting Agriculture

Year and month	Indus- trial pro- duction (1923- 25=100) ¹	Income of indus- trial workers (1924- 29=100) ²	Cost of living (1924- 29=100) ³	(1910-14=100)				Farm wages	Taxes ⁶
				Whole- sale prices of all commod- ities ⁴	Prices paid by farmers for commodities used in— ⁵				
					Living	Pro- duction	Living and produc- tion		
1925.....	104	98	101	151	164	147	157	176	270
1926.....	108	102	102	146	162	146	155	179	271
1927.....	106	100	100	139	159	145	153	179	277
1928.....	111	100	99	141	160	148	155	179	279
1929.....	119	107	99	139	158	147	153	180	281
1930.....	96	88	96	126	148	140	145	167	277
1931.....	81	67	88	107	126	122	124	130	253
1932.....	64	46	79	95	108	107	107	96	219
1933.....	76	48	76	96	109	108	109	85	187
1934.....	79	61	78	109	122	125	123	95	178
1935.....	90	69	80	117	124	126	125	103	180
1936.....	105	80	81	118	122	126	124	111	182
1937.....	110	94	84	126	128	135	130	126	187
1938.....	86	73	82	115	122	124	122	124	186
1939 ⁷	105	83	82	113	-----	-----	121	124	-----
1939—January.....	101	80	82	112	-----	-----	120	117	-----
February.....	99	79	82	112	-----	-----	120	-----	-----
March.....	98	79	82	112	119	122	120	-----	-----
April.....	92	75	82	111	-----	-----	120	121	-----
May.....	92	75	81	111	-----	-----	120	-----	-----
June.....	98	80	81	110	119	121	120	-----	-----
July.....	101	80	81	110	-----	-----	120	126	-----
August.....	103	83	81	109	-----	-----	119	-----	-----
September.....	111	86	82	115	122	123	122	-----	-----
October.....	121	91	82	116	-----	-----	⁷ 122	126	-----
November.....	124	93	82	116	-----	-----	⁷ 122	-----	-----
December.....	⁷ 128	93	82	116	-----	-----	⁷ 122	-----	-----
1940—January.....	-----	-----	-----	⁷ 116	-----	-----	⁷ 122	119	-----

Year and month	Index of prices received by farmers (August 1909–July 1914=100)								Ratio of prices received to prices paid
	Grains	Cotton and cotton-seed	Fruits	Truck crops	Meat animals	Dairy products	Chick-ens and eggs	All groups	
1925.....	157	177	172	153	140	153	163	156	99
1926.....	131	122	138	143	147	152	159	145	94
1927.....	128	128	144	121	140	155	144	139	91
1928.....	130	152	176	159	151	158	153	149	96
1929.....	120	144	141	149	156	157	162	146	95
1930.....	100	102	162	140	133	137	129	126	87
1931.....	63	63	98	117	92	108	100	87	70
1932.....	44	47	82	102	63	83	82	65	61
1933.....	62	64	74	105	60	82	75	70	64
1934.....	93	99	100	103	68	95	89	90	73
1935.....	103	101	91	125	118	108	117	108	86
1936.....	108	100	100	111	121	119	115	114	92
1937.....	126	95	122	123	132	124	111	121	93
1938.....	74	70	73	101	114	109	108	95	78
1939.....	72	73	77	105	110	104	94	93	⁷ 77
1939—January.....	66	71	76	98	112	109	97	94	78
February.....	66	70	78	105	116	107	91	92	77
March.....	66	71	81	110	116	100	88	91	76
April.....	67	70	82	95	114	95	87	89	74
May.....	72	72	85	88	112	92	85	90	75
June.....	73	73	93	105	107	94	83	89	74
July.....	66	73	80	99	107	96	89	89	74
August.....	64	71	70	99	101	100	90	88	74
September.....	83	76	73	117	117	107	102	98	80
October.....	77	74	73	128	112	112	108	97	⁷ 80
November.....	79	75	66	123	107	117	117	97	⁷ 80
December.....	87	82	65	96	101	118	97	96	⁷ 79
1940—January.....	90	85	66	117	103	119	91	99	⁷ 81

¹ Federal Reserve Board, adjusted for seasonal variation.

² Adjusted for seasonal variation.

³ Monthly indexes for months not reported by the Bureau of Labor Statistics are interpolated by use of the National Industrial Conference Board cost-of-living reports.

⁴ Bureau of Labor Statistics index with 1926=100, divided by its 1910-14 average of 68.5.

⁵ These indexes are based on retail prices paid by farmers for commodities used in living and production reported quarterly for March, June, September, and December. The indexes for other months are interpolations between the successive quarterly indexes.

⁶ Index of farm real-estate taxes per acre. Base period represents taxes levied in the calendar years 1909-13, payable mostly within the period Aug. 1, 1909-July 31, 1914.

⁷ Preliminary.